

44-350.C Investigation of Overpayments

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44-350.C.1 Apparent Eligibility

When CalWORKs and/or Homeless Assistance (HA) benefits are issued as an Immediate Need payment based upon a determination that the client is apparently eligible and later it is discovered that the client is not CalWORKs eligible an overpayment shall be established.

44-350.C.2 Income

Income-related failure to report and county error overpayments shall be determined based on the mandatory recipient reporting requirements under Semi-Annual Reporting (SAR) (CPG 44-270) and Annual Reporting/Child Only (AR/CO) (CPG 44-260) rules. Mandatory recipient reports include reporting on the SAR 7, the mandatory mid-period report of income over the Income Reporting Threshold (IRT) and recipient reports on redetermination.

If a recipient fails to report income any time they are required to report or the Human Services Specialist (HSS) fails to act correctly on a report, the HSS shall:

- Recalculate the benefits based on an accurate report and correct the county action.
- Recreate case circumstances using the correct processing timeframes based on what the recipient should have reported.

If overpayment results from this calculation, the overpayment will begin on the date that the change should have been made.

Refer to [CPG 44-350.F.3](#) for more information.

**44-350.C.3
Property**

Recipients are only required to report property/resources changes/information on the SAR 7 or at redetermination. No overpayment will be assessed for any months the Assistance Unit (AU) was over the property limit but not required to report property, including property that first exceeded the limit in the Submit Month.

- Property/resources eligibility will be determined once per payment period based on information provided on the SAR 7 or at redetermination.
- AUs are only required to report when property exceeds the limit in the fifth month of the payment period (the SAR Data Month).
- If the property/resources reported on the SAR 7 or at redetermination, together with property/resources already used to establish eligibility, do not exceed the property/resource limit, the AU is considered property eligible for the entire upcoming payment period.

If a recipient owned property that exceeded the resource limit in the fifth month of the payment period, and failed to report it on the SAR 7 or at redetermination, the HSS shall redetermine the benefits which the recipient should have received based on an accurate report and correct county action, including a determination of whether the excess property (and failure to report) was in good faith.

If however, the HSS failed to act correctly on a report of property that was determined to exceed the limit, the assumption will be made that the recipient would have spent-down the resources prior to the discontinuance, and have remained eligible. In this case, no overpayment will be established.

If excess property was held in good faith, the amount of the excess property overpayment will be the lesser of:

- The amount by which the excess property exceeded the property limit in the one month the property had the highest value; or
- The total amount of aid the household received while they were over the property limit.

Refer to [CPG 44-350.F.2](#) for more information.

**44-350.C.4
Failing To
Report
Property and
Resources**

The AU must report all new property acquired since the last SAR 7 or redetermination. If the AU owned property that exceeded the property/resource limit in the fifth month of the payment period and failed to report it on the SAR 7 or at redetermination, the benefits shall be recalculated and an overpayment shall be established, if appropriate.

**44-350.C.5
Late SAR 7**

An overpayment shall be established when a recipient submits a late, or incomplete, SAR 7 resulting in the receipt of more benefits than they were entitled to because of the inability to issue 10-day notice.

If the AU voluntarily reported an unverified change mid-period and that change is not included on their next SAR 7, the HSS must attempt to resolve the discrepancy. If the HSS cannot, it must consider the SAR 7 incomplete. If the discrepancy is resolved late in the submit month, and the HSS does not have time to issue 10-day notice of decreased benefits, benefits must be released at the higher level and an overpayment assessed.

The type of overpayment (Agency Error or Client Error) will be based on the specific circumstances leading to the late/incomplete reporting by the recipient or late processing by the HSS:

- If the recipient provides the SAR 7 too late for a 10-day notice, the resulting overpayment is considered a Client Error overpayment, not an Agency Error overpayment.
- However, if the recipient reported timely, completely, and accurately, but the HSS was unable to issue the correct grant amount due to 10-day notice requirement when processing the SAR 7, this will result as an Agency Error overpayment.

[CPG 44-350. A.1 Establishment of Overpayment](#)

NOTE:

In order to avoid overpayments and when a 10-day notice cannot be provided, if the recipient signs a waiver (waiving their right to 10-day notification) to reduce the benefits no overpayment shall be established.

**44-350.C.6
HSS Action**

- Review the eligibility and grant factors to find what the correct grant amount should have been and determine the apparent cause of the overpayment.
- Calculate the overpayment;
- Determine from whom (the liable individual) the overpayment may be recovered,

Refer to the following sections for additional information:

[CPG 44-250.G.4 Priority of Recovery](#)

[CPG 44-350.G.5 Child Only Cases](#)

[CPG 44-250.G.6 Minors in Overpaid Assistance Units;](#)

- Determine the recovery method and the amount to be recovered.
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